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LETTER

FROM

THE SECRETARY OF THE TREASURY,

IN OBEDIENCE

TO A RESOLUTION OF THE SENATE,

To

inquire into the expediency of continuing in force the act of the 29th of April, 1816,
regulating the currency of certain foreign coins, within the United States."

JANUARY 25, 1819.

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1819.



TREASURY DEPARTMENT,

6th January, 1818.

SIR,

In reply to your letter enclosing a resolution of the Senate, directing the committee of finance to "inquire into the expediency of continuing in force the act of the 29th of April, 1816, regulating the currency of certain foreign coins within the United States," I have the honor to state, that it is inexpedient to continue the said act so far as foreign gold is rendered current in the United States. From the enclosed letter from the director of the mint, it is manifest, that the foreign gold coins now in the United States, which are current according to the provisions of the said act, may be recoined before its expiration. Until the capacity of the mint shall be increased, it is believed that the public interest requires, that the said act so far as it renders foreign silver coins current, should be continued.

It is believed, however, that foreign silver coins should not be continued current, after the capacity of the mint shall be so increased as to remove the inconvenience which might result from the temporary exportation of the gold and silver coins of the United States. According to the communication from the director of the mint, about three millions of dollars in silver can be coined in one year. If this capacity should be doubled, the repeal of the law making foreign silver coins current, might be effected with safety, as soon as an opportunity should be afforded by such augmentation in the powers of the mint to the holders of such foreign coins to have them recoined.

As Spanish milled dollars, compose the great mass of foreign silver coins which circulate in the United States, and generally commands a premium when compared with the dollar of the United States, especially for exportation to China, it is desirable that they should cease to be a tender, as soon as the capacity of the mint shall be increased so as to recoin such part of the Spanish milled dollars imported into the United States, as may be necessary for domestic purposes.

The holders of this foreign coin, whether individuals or corporations, may then demand for it such price as will indemnify them for the expense of importation. Considering that the Spanish dollar in the United States, is more an article of commerce, than a standard by which to ascertain the value of other articles; that its value at the same time, in different parts of the union, varies from par to ten per

cent. it is conceived that the public interest requires that it should cease to be a legal tender, as soon as an extensive and prompt recoinage shall be provided for.

I have the honor to be,

Your most obedient servant,

WILLIAM H. CRAWFORD.

Honorable John W. Eppes,

C. C. of Finance.

Mint of the United States,

December 28th, 1848.

SIR,

Having consulted the other officers of the mint, and deliberately considered the subject of the queries which I have had the honor of receiving in your letter of the 16th, I shall now attempt their answer without, however, vouching for any very great degree of accuracy.

Query 1st. "What number of eagles and half eagles, can the mint, in its present situation, coin per day?"

Answer. With the aid of a new foundery and refining furnace, which are now nearly completed, the mint, in its present situation, and coining gold without silver, would be able to prepare and strike about 7 000 pieces per day, or 35,000 per week, reckoning only five working days in the week, to allow for unavoidable accidents and interruptions.

Query 2d. "What number of dollars?" 3d. "What number of half dollars?" 4th. "What number of twenty, ten and five cent pieces?"

Answer. Making silver, without gold, the weekly coinage in dollars may be rated at about 60,000; in half dollars, 85,000; and in smaller coins, 100,000 pieces respectively. And beyond this, which would be fully double of the last years coinage, the operation of the mint could not be much extended, without erecting a new building with some additional apparatus; for, in our present situation, we are very much limited for want of room, having to rent two small lots for our necessary accommodation.

On the above estimate it may be proper to remark; 1. That in order to be constantly employed, deposits, whether of gold or silver, equal *at least* to two weeks coinage should always be in advance. 2. The copper coinage is considered as continuing in constant operation, striking at least 100,000 cents per week. 3. To effect the coinage above stated, there would be wanted an appropriation for additional workmen, wastage, and sundry incidental expenses of about \$ 8,000, in addition to the estimate lately transmitted from the mint to the Treasury Department.

Query 5th. "What additional expense would it require to coin double or quadruple the number of silver coins which can be coined in the present situation of the mint?"

Answer. As far as respects a double coinage the answer is attempted in the foregoing queries: and for further extension, as before observed, a new building would be required. From the nearest estimate which present circumstances will enable us to make, it is believed, that the expenses for the purchase of a lot and erecting a suitable building with such additional apparatus as might be necessary,

would amount to about \$ 25,000; and that, from the time of its commencement, it might be finished in about twelve months. The coinage in the mean time being carried on at the present establishment. The lot and building at present occupied by the mint would probably bring from 12 to 15,000 dollars.

Query 6th. "Have you any particular information of the relative value of gold and silver, during the present year in France and England? Has the late coinage in England raised the relative value of those metals?"

Answer. In reply to the above, I would beg leave to refer you to the enclosed copy of an editorial essay taken from a London paper of the 22d of April last, in which the subject is treated with great perspicuity, and to which I have little to add. The statement of facts however given in this essay corroborates an observation which I had the honor to make during the last session of Congress to Mr. Lowndes, then chairman of the committee of Ways and Means, in reply to a question, which at that time he was pleased to propose, which I here transcribed.

Query. "Are any amendments in the laws of the United States necessary to secure the coinage of a more considerable quantity of *gold* than has heretofore been annually coined at the mint?"

Answer. Nothing occurs to me as adequate to this effect, except increasing the value of *gold* relatively to that of silver, so that the ratio of the one to the other may be somewhat greater than in any part of Europe. According to the standard in the United States, this ratio in the pure metals is as 15 to 1. In some parts of Europe it is as 16 to 1, which I believe is at present the maximum. Though as the coins of no one country in Europe are a legal tender in any other, gold and silver, whether in coins or bullion, become an article of commerce, and their relative value are continually varying according to circumstances. Considering the expense of the importation of gold into the United States, I should think that our government would be justifiable in adding 10 per cent. to the present relative value of gold. This would hold out a powerful and effectual motive for the importation of gold into the United States, and at the same time as a powerful barrier against its operation. All the difficulties arising from the American gold coins now in circulation might be readily obviated, either by calling them in for recoinage or suffering them to pass at the increased value.

Presuming that it would not be unacceptable, I have enclosed a description, with the impressions and qualities of sundry species of silver dollars from South America, which have from time to time, been brought to the mint as deposits. The whole amount of such deposits during the last year is but little short of half a million of dollars.

I have the honor to be, &c.

[Signed]

ROBERT PATTERSON.

P. S. I have also enclosed from the Assayer of the mint, a statement of the weight and quality of sundry silver coins from different parts of Europe, and which may probably be acceptable.



From a London Paper of April 22d, 1818.

The large quantity of gold pieces which have lately been coined, and their almost immediate disappearance from circulation, is a subject of surprise and material concern to the people at large.

Some have ascribed this to the difference of exchange between this country and the rest of Europe; but this disappearance of the coin did not take place to any considerable degree, when the exchange was confessedly against us, and much less could the difference of exchange produce any such effect at present, when it is evidently in our favor. But in all probability the cause of this deficiency of gold coin in circulation lies nearer home, and consists in the proportion which has lately been established between the gold and silver coin considered as bullion. To explain this, it is necessary to advert a little to the properties belonging to coined money.

Coin may be considered in two lights: 1st. As a sign of value, and again (which is the most important consideration) as a deposit of equal intrinsic value with the sum it professes to represent. The worth, as Mr. Leake observes, is the intrinsic value, which makes it the measure of all other things. That the coin should possess this degree of intrinsic value, was secured by two acts of parliament, one of the 18th, and the other of the 25th of Charles 2d, which enact, "That every person bringing any foreign coin or bullion to the mint to be coined, should have the same assayed and melted down, without any charge or defalcation, and for every pound Troy of crown gold or sterling silver, should receive the like weight in coined money of crown or standard gold, and of sterling or standard silver; and, 2d. If the bullion so brought was finer or coarser than crown gold or standard silver, so much more or less should be allowed as it was better or worse, and without any charge of coinage, or without any undue preference in the coinage. And to defray the charges of the mint and coinage, a duty was laid on wines, &c."

It appears from this act, "which was continued by the succeeding princes," that the seignorage, and all other duties on coinage, were in effect abolished or rendered ineffectual. In the time of queen Elizabeth, and until the 43d year of her reign, 60 shillings, each weighing 4 dwts. equal to 96 grs. were cut out of a pound of silver

bullion. In the 43d year of the reign of this prince^s, 62 shillings were cut out of a pound of silver bullion; and the weight of each shilling consequently diminished from 96 grains. to 92.857; at which rate it has continued until the late alteration, say as 62 shillings are to 5,760 grs. (the number of grains in a Troy pound,) so are 21 shillings to 1,950. the number of grs. in 21 shillings of the old standard. Again, 1,950 grs. divided by 129.5 (the number of grs. of gold in a guinea,) gives for a quotient 15,059.

The proportion of standard silver to standard gold, in point of value, supposing the weights equal, is nearly as 15.059 to 1. But now, when 66 shillings are cut out of a pound of silver, and not only 21 of these given for a guinea, the proportion is altered: the shilling which before weighed, of standard silver, and 92 grs. and 857 decimal parts, is now reduced to 87 grains and 2,292 decimal parts, or 5 1-4 grains less than the old standard; in each shilling, equal to 2 farthings, and 7,138 decimals of a farthing, or nearly 3-4 of a penny, worse than the old standard coinage.

This defalcation of weight amounts in 21 shillings, to 110 grains and 25 decimal parts, equal in value to 1s. 2d and 9,189 decimal parts, or 1s. 2d. 1-4 nearly, which, in large sums, makes a considerable difference, being 118s. 75 decimal parts per cent. short of the old value of gold compared with silver. This reduces the proportion which gold and silver bear to one another, from 15,059 to 14.121 to 1; or as was before observed, nearly 6 per cent. which is the sum which might be gained, and probably is gained by buying up the gold coin (no matter whether guineas or sovereigns) with the diminished silver coin, and purchasing with the gold coin so obtained, silver bullion in France, Holland, or Germany.

If this statement (if correct) does not account for the disappearance of the gold coin, I am at a loss to say what other cause more adequate can be assigned.

P. S. The proportion of silver to gold in the French coin, is as follows:

The six franc piece (in silver) of Louis XV, weighs 18 dwts. 12 grs. equal to 444 grs. these multiplied by 8, produce 3,552 grs. The double Louis d'or (gold) weighs, 9 dwts. 20 grs. equal in weight to 236 grs. and is estimated to be 8 six franc pieces in value. Now 3,552 divided by 236 grs. as quotient 15.053, which is nearly in the proportion of 15 to 1, scarcely differing from the proportion of silver to gold in the former English coinage. Again, the 5 franc piece of Napoleon (silver) weighs 16 dwts. 2 grs. equal in weight to 386 grs. This multiplied by 8, produces 3,088 grs. The forty franc piece of Bonaparte (gold) valued at 8 five franc pieces, weighs 8 dwts. 7 grs. equal to 199 grs. Now 3,088, divided by 199, gives 15.517 to 1, as the proportion silver bears to gold, which estimates the gold higher in proportion to silver than in the former coinage.

Let us now examine the coinages of Holland, and the proportion which gold and silver bear to one another in the money of that country.

The 3 guilder piece of Holland (silver) weighs 1 oz. 14 grs. equal to 494 grs. of course, 14 guilders must weigh, or be equal to 2,305 grs. of silver. The Ruydu. or 14 guilder piece (gold) weighs 6 dwts 8 grs. equal to 152 grs. Now, 2,305 divided by 152, gives 15.1665 as the proportion which silver and gold in the Dutch coin bear to one another.

The geometrical mean of these calculations is 15.2451, the arithmetical mean is somewhat higher, being 15.2655. Either of these compared with the proportions formed in the late coinage of this country will sufficiently account for the gold coin, being either exported or melted down at home. The advantage of counterfeiting this coin is obvious, where the counterfeit might contain the same quantity of silver of the same degree of purity as the current money of the realm, and yet afford an adequate advantage to those who counterfeit it.

O. C.

The following statement exhibits the gross weight and degree of fineness, of a variety of foreign coins which have occasionally been brought to the mint of the United States, mostly obtained from experiments made on *single pieces*, and it is believed, may be considered as nearly correct, so far as relates to the piece under trial; yet perhaps in all cases may not be sufficiently accurate, to estimate with precision their respective national standards. The officers of the mint are more conversant with the French and Spanish coins. The modern gold and silver coins of France, commencing with the Bonapartean system, and denominated Francs, contain nine parts pure metal, and one part alloy, and the same standard, as well as denomination, appears to be adhered to by the present government with great exactness. Although the same uniformity of standards is not observable in the gold and silver coins of Spain, yet as the average quality of their dollar approximates so near to those of France, it may not be unsafe to conclude their *legal* standard for dollars and parts of dollars is the same.

	Gross Weight.		Degree of Fineness.			
	oz.	dwt.	grs.	oz.	dwt.	grs.
Holland piece of 3 guilders	1	0	14	10	19	18
Rix Thaler of Denmark	-	18	14	10	11	0
Austrian Thayer (Maria Theresa)	-	18	0	10	2	0
Bavarian piece (of 1816)	-	19	0	10	10	0
Brabant Krone (Francis II.)	-	19	0	10	10	0
Ducatton of Holland	1	1	0	11	5	-
A 20 Kreutzer piece	-	4	4	6	19	18
A Russian Ruble	-	13	8	10	9	0
Crown piece of Portugal	-	9	9	10	17	12
Switzerland piece, 40 Baty (Canton of Zurich)	-	18	21	10	12	6
Ditto (Canton of Luzerne)	-	18	20	10	16	6
Barcelona piece (5 pesetas)	-	17	6	10	16	0
African (Sierra Leone) Dollar	-	16	13	9	17	0
Portuguese ditto	-	17	10	10	16	0
Chile ditto	-	17	6	10	17	6
Province Riodela Plata ditto	-	17	7	10	15	12

Mint of the United States,

27th of 12th mo: 1818.

(Signed)

JOSEPH RICHARDSON,
Assayer.

